



The Agreement to Renew the Children's Health Insurance Program: Separating Fact from Fiction

White House rhetoric hides the truth about the future of the Children's Health Insurance Program, and incorrectly describes the congressional agreement to renew it. The Senate Finance Committee has worked across Congress throughout the year to craft CHIP legislation that will serve low-income children who currently lack health coverage. Below, separating fact from fiction about CHIP and proposals to renew it.

FICTION: President Bush's own CHIP proposal would help poor children.

FACT: The Congressional Budget Office has confirmed that a \$5 billion increase over current funding will not be sufficient to maintain current coverage levels in CHIP. As a result, the President's proposal will cause more than a million currently covered children to LOSE their coverage, and NO additional low-income, uninsured children will be helped.

FICTION: The Congressional proposal does not target dollars to poor children who need them most.

FACT: Congress agrees with the President that CHIP reauthorization should target the lowest-income children – and we've done so in our bipartisan agreement by providing financial incentives for states to enroll low-income children now eligible for CHIP and for Medicaid and by providing \$100 million to fund outreach specifically to those populations. The President, by contrast, is refusing to provide sufficient dollars to cover kids in the program now – much less to help more of America's poorest kids.

FICTION: Congress would cover children in some households with incomes of up to \$83,000 a year.

FACT: The congressional agreement does *not* in any way raise the eligibility level for CHIP. Under the Congressional agreement, interpretation and approval of appropriate income levels for eligibility above 200% of the Federal poverty level (or 50% more than a state's Medicaid income cap) remains an HHS decision, just as in the original CHIP law written by a Republican-led Congress. The congressional agreement only addresses what level of matching funds states would receive if the *Administration* approves a proposal to cover at a higher income level.

FICTION: Congress would move children with private insurance into government-run health care.

FACT: The Congressional Budget Office does not believe that this bill results in any more crowd-out from private coverage than the original CHIP bill did when the program was created. In fact, this bill takes a number of steps to minimize crowd-out. First of all, the bill creates new options for states to subsidize employer sponsored group health coverage as an option rather than enrolling in a CHIP plan. Second, the bill directs the incentive payments only to enrollment of the lowest income children who are least likely to have access to private coverage.

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FICTION: The congressional plan is an incremental step toward government-run health care.

FACT: CHIP is a leader in combining public and private solutions to get health coverage to uninsured children. The CHIP Reauthorization Act encourages a mix of public and private solutions to cover kids, and limits the scope of the program to the low-income, uninsured children Congress meant to cover when the program was created in 1997.

The American Medical Association, the Association of Health Insurance Plans, and PhRMA – hardly advocates of socialized medicine – all support the bill.

FICTION: Congress uses a budget gimmick to conceal the true cost of its CHIP plan.

FACT: This bill is a five-year reauthorization proposal, and revenues in the bill more than pay for the spending in the period. After the five-year reauthorization period, the budget rules set baseline funding for five additional years based on funding in the last year of authorization (2012). The final year amount is lowered in this bill to provide an appropriate baseline of funding going forward. The authors of this bill fully expect that Congress and the next President will reauthorize CHIP in five years and necessarily revisit the funding level, hopefully as part of a larger health reform discussion.

FICTION: The congressional agreement will make states overspend and raise Federal health costs.

FACT: The formula in the congressional agreement is efficiently targeted toward state needs, and responsible spending to cover low-income children is incentivized in the bill. The President, by contrast, simply would not provide sufficient funds to maintain current coverage, and would shortchange children waiting for health coverage through CHIP.

FICTION: The Congressional agreement will enroll ineligible individuals, such as illegal immigrants.

FACT: The CHIP bill would in fact require for the first time that CHIP programs establish beneficiaries' citizenship to enroll - a requirement that currently applies only to Medicaid. A state can use the current system that was implemented through the DRA, requiring an original birth certificate and a parent's driver's license or passport, and many states will continue to use that system. But other states will move to a new system of verifying citizenship through Social Security numbers. Current law says that states have a fundamental responsibility to confirm the identity and legal status of their applicants, and that states are liable for penalties if Federal funds are used to cover non-eligible children, and the CHIP bill does nothing to change that.

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